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C O N F I D E N T I A L SECTION 01 OF 03 YEREVAN 000998

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TAGS: [PGOV](#) [PHUM](#) [PREL](#) [EAID](#) [KDEM](#) [AM](#)
SUBJECT: KOCHARIAN SKEPTICAL TO AMBASSADOR ON NK, TURKEY,
MCC, ECONOMY

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Classified By: AMB Marie L. Yovanovitch, reasons 1.4 (b,d).

SUMMARY

¶1. (C) Disavowing his rumored plans to return to power, former President Robert Kocharian barely concealed his abiding interest in, and influence on national affairs, providing contrarian views on the most topical issues touching Armenia. In the Ambassador's introductory call on Kocharian, the former president said he doubted a near-term resolution of the Nagorno-Karabakh (NK) conflict, was pessimistic about rapprochement with Turkey, called the MCC program a "bluff," and asserted the GOAM has been lackadaisical in responding to the global economic crisis. Kocharian disputed the Ambassador's views that Armenia's democracy trendlines were heading downward, opining that his successor is more lenient on the opposition than he ever was. In return, the Ambassador challenged Kocharian's criticism of the MCC, saying its ongoing projects were already contributing to Armenia's development. The Ambassador also urged Kocharian to support possible breakthroughs on Turkey and NK in spite of his skepticism. END SUMMARY.

ALIYEV UNWILLING TO TAKE RISKS

¶2. (C) Receiving the Ambassador alone on December 5 at his new, government-provided office in an upscale Yerevan hotel, former President Kocharian -- protesting too much about his own lack of engagement in political issues -- revealed a keen ongoing interest in Armenia's domestic and regional affairs. On a near-term resolution of NK, Kocharian was dismissive of any breakthrough, claiming that Azerbaijan was unprepared to make the necessary compromises. Kocharian said President Ilham Aliyev was not "brave" like his father Heydar was, and that the younger Aliyev was too focused on other priorities, such as maintaining political and economic power. Aliyev, Kocharian claimed, was particularly unwilling to risk a breakthrough while the global economic crisis threatened Azerbaijan's energy revenues.

¶3. (C) Kocharian stated that Armenia could likewise not have confidence in the Azerbaijani leadership, contending that Azerbaijan has a long pattern of negotiating one thing in private, and publicly stating something altogether different. Kocharian commented that while perhaps President Sargsian thinks he can do better than Kocharian had on NK, the fact remained that the Azerbaijanis were not ready to move forward. Kocharian disagreed with the Ambassador's view that a Northern Ireland-style breakthrough might be one worth emulating in NK, saying that Azerbaijan since the 1994 cease-fire has never swayed in its determination to reacquire

conquered lands, and that while the Russia-Georgia war might have changed leaders' perspective on the use of force to resolve the dispute, these perspectives would be temporary and fleeting.

"I WOULDN'T HAVE INVITED GUL"

14. (C) Implying that it would not have happened if he had been in Armenia, Kocharian declared that "I was not in Armenia" when President Sargsian decided to invite Turkey's President Gul to a September World Cup Soccer qualifying match in Yerevan. He also coyly said he was misquoted in the press, and that he hadn't said the invitation was a mistake, only that, "IF I WERE PRESIDENT, I would not have invited Gul." Kocharian said he thought Turkey was exploiting the thaw in relations in order to prevent U.S. recognition of the "genocide." He claimed that Turkey's strategy is to push this issue to the background and replace it with negotiations to normalize ties, which, "If I were Gul, I could drag out for five years" without any advantage for Armenia. That said, Kocharian admitted that "only time will tell" whether Sargsian's invitation was a mistake. Kocharian asserted that Armenian-Turkey relations are directly related to NK, and that, "Yerevan would get only photo ops and headaches" from trilateral Armenia-Turkey-Azerbaijan talks, which he strongly advised against absent any concrete steps from Turkey. Kocharian said he challenged Armenia's new Foreign Minister Edward Nalbandian on his recent photo-op with Turkish FM Babacan and Azerbaijan FM Mammadyarov, and warned him it would be used against Armenia. While the Ambassador acknowledged Kocharian's skepticism, she urged him to support any potential breakthrough on NK and Turkey that could be in the offing.

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MCC PROGRAM A "TWO-YEAR-LONG BLUFF"

15. (C) Volunteering his long-standing dislike of the MCC program, Kocharian said he still remained convinced that it has been a "two-year-long bluff" by the United States that has not proved to be of any financial benefit to Armenia. Kocharian criticized the program's "transparency," stating that the program was at the mercy of too many "subjective" U.S.-based NGOs with a bone to pick with the authorities, and "with no accountability" to the people. He said that even after two years he still honestly did not understand the MCC's indicators and the rating process by which Armenia is scored. Kocharian then mockingly derided the fact that the GOAM is now fronting USD 16.7 million for the roads contract, saying the development confirmed his suspicions of the program.

16. (C) The Ambassador countered that the MCC program in Armenia had already contributed to development efforts, with over 15,000 farmers trained and the canal renovation project off to a good start. The Ambassador contrasted Kocharian's caustic letter to MCC CEO Danilovich in March with President Sargsian's independent initiative in June to self-fund the roads while Armenia addressed its shortcomings in governance, arguing that Armenia was well aware of the linkage between good governance and more MCC funding.

DEMOCRACY MUST BE GRADUAL IN ARMENIA

17. (C) In response to the MCC Board's decision in June to postpone funding because of concerns about downward-directed democracy trendlines in Armenia, Kocharian argued that he actually saw more tolerance towards the opposition under President Sargsian than he himself ever allowed, pointing out

that more opposition figures appear on TV now. He cautioned that democratization of Armenia would never be as fast as the West or the United States would like, and that the strengthening of the state and democratization were parallel processes that had to be balanced. He explained that in the early part of his rule he was more seized with privatization of the economy and decentralization of Soviet-era government structures than with pursuing democracy just for the sake of doing so. Kocharian argued that Armenia still needs time, and that progress in democracy would likely come with the new generation. He added that there would be "bardak" (disorder) if the authorities tried to hurry up democratic changes that Armenians were not prepared for, and repeatedly cited the political situation in Ukraine as a cautionary tale against "throwing up our hands" and saying "take whatever you want."

18. (C) The Ambassador noted that while a proper balance should be struck between individual rights and the needs of the state, it appeared the needs of the state too often trumped individual rights. She cited as examples the continual shrinkage in media freedoms as witnessed by the September two-year moratorium on new TV licenses, and the increasing denial of rented space by hotels to civil society NGOs working on democracy and human rights issues. Kocharian showed surprise at the hotel issue, saying half of the hotel where his office was housed was empty and would be prime rental space for the owner to lease. (NOTE: The Erebuni hotel has in fact denied at least two rental space requests to NGOs critical of the authorities (septel). END NOTE.) Kocharian continued to insist that there exists more discussion about democracy and human rights in general than existed during his time. He dryly conceded that if there was indeed official pressure on hotels to deny NGOs meeting spaces, "then that is bad."

19. (C) The Ambassador also pointed to the proposed indirect election of Yerevan's mayor as an unfortunate lost opportunity to give people greater participation in government. Kocharian defended the proposed Yerevan mayor's election by a council of Yerevan's community heads first elected by party list, saying a direct election would result in "instability" that Armenia could ill afford, noting that a direct election of Yerevan's mayor, who governs over one-third of Armenia's approximately three million population, would make him a rival to the president. He noted that Armenia faces enough shocks every five years in its presidential elections for it to artificially create another opportunity for "tension." Kocharian judged that Armenia's political culture was underdeveloped because he had spent his ten years of rule focusing on strengthening the state, not political parties. Kocharian also flatly ruled

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out a direct election because he said there was "too much at stake" in Yerevan's mayor's election "to leave to chance," citing the country's overall economic, transportation, and energy development. The Ambassador suggested that Armenia's poor elections record showed the opposite -- just how important it is for Armenia to create a viable system of checks and balances trusted by its citizens.

GOAM SLOW IN RESPONSE TO ECONOMIC CRISIS

10. (C) Kocharian told the Ambassador that he had been told "fairy tales" by Armenia's new Central Bank Chairman in September, when the two discussed the breaking global economic crisis. Kocharian said he had told Armenia's leaders several months ago that they needed to respond quickly and aggressively -- "work, work, work" -- to devise contingency plans for each sector of the economy. Kocharian said he had met with Prime Minister Tigran Sargsian two days before, and came away from that meeting persuaded that the authorities are finally focusing on a coming economic crisis, but still not devoting enough attention and resources to

shore up Armenia's economy. Kocharian said he told the PM to reduce his predicted GDP growth rate from nine to six percent, and to begin padding Armenia's reserve funds -- by less aggressive spending and responsibilities on social issues -- in order to prepare Armenian for the impending global crisis. Kocharian recounted how he had been in a similar situation in 1998 when the Russian Ruble defaulted, and Armenia felt the aftershocks of the meltdown of Russia's economy. Kocharian then grumbled that the world always seemed to be at the suffering end of America's burst economic bubbles. The Ambassador ignored Kocharian's criticism, pledging America's support of Armenia during the economic crisis.

CLAIMS NO AMBITIONS TO RETURN TO POWER ... FOR NOW

¶11. (C) Feigning disinterest in returning to power, he repeatedly said he did not want the "headache" of being Prime Minister, claiming his presence would upset the balance of power because of "my continued influence." Moreover, who would want to be in power now with a serious economic crisis, he queried. Kocharian said he was enjoying his time hunting and traveling, and that a "pause" suited him at the moment. That said, he said "I don't know when I will tire of my new freedom." Kocharian said that if he did to choose to return to power, it would be on his terms, which meant when he went to work he would "act, not just talk." Kocharian said it amused him that the Levon Ter-Petrossian-led opposition is debating "my return," with oppositionists themselves asserting that it is "inevitable." Kocharian bluntly stated that "my legacy" will have a long influence in Armenia, "given my ten years in power."

COMMENT

¶12. (C) The good thing about Kocharian is that one knows where he stands on the issues. The unfortunate thing is that almost all of his stances are anti-democratic. At only age 54, he clearly remains an ambitious and energetic politician who sees himself as a savior for Armenia -- a savior who single-handedly willed Armenia's military victory over Azerbaijan in NK, generated its double-digit economic growth over the last decade, and turned its state apparatus into a bulwark that protects the nation against its citizens' own penchant for chaos and instability. With such a bleak view of his compatriots, his conviction that there is only one managed way forward for Armenia, and his seeming belief that only he personally can see it through, it is hard to see Kocharian fading from the political landscape. More likely, he will wait until he thinks the moment is right to stage a comeback.
YOVANOVITCH